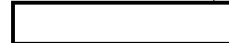


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INTELLIGENCE MEMORANDUM

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Intelligence Memorandum

Subject: Future Stability of the Salazar Regime.

1. From the point of view of US security interests, Portugal's importance lies mainly in the strategic location of its Atlantic islands (Azores and Cape Verde), of the homeland and of the African colonies. The adherence of Salazar's government to the North Atlantic Treaty assures Western defense planners of bases in the Azores and on the Iberian Peninsula. Furthermore, staunchly anti-Communist, the Portuguese Government is allied with Spain for the joint defense of the Iberian Peninsula.
2. With the death of President Carmona, the basic nature of the regime in Portugal has ~~been~~ altered. Carmona, despite his role as the figurehead of Salazar's dictatorship, was nonetheless important as a stabilizing link between the military and civilian elements in Portugal. He emerged from the military revolution of 1926 as the top political leader and two years later called Salazar to power. Although Salazar assumed control on his own terms, with the specific mission of saving the nation from bankruptcy, Carmona, as the most popular and respected Portuguese military figure, lent prestige to the regime and was instrumental in assuring Salazar of the continued support of the Army, the most important element in Portuguese politics. Before 1926, the history of modern Portugal had consisted of almost constant revolutionary activity accompanied by frequent assassination. The Salazar regime brought stability. With Carmona's death, Salazar must rely primarily for continued Army support on his own reputation and record.
3. Viewed in the light of previous conditions, the achievements of Salazar's regime in providing political stability and economic solvency are remarkable. Nevertheless, the regime remains basically insecure. Economically, the nation exists at about a bare subsistence level. (In fact, bankruptcy threatened in 1949, but was averted through ECA aid and the imposition of a rigid austerity program.) Politically, the government suffers from the weakness of virtually all dictatorships -- the difficulty of providing for succession. Salazar has never risked offering posts of real authority or prestige to the few public men in Portugal capable of becoming his rivals or successors. Next to Salazar, the most important man in the government today is Defense Minister Santos Costa, who owes his position entirely to Salazar's favor, who may be Salazar's choice as his successor, and on whom Salazar will probably rely increasingly for control of the armed forces. Santos Costa's position vis-a-vis the Army may thus be of critical importance to the regime. Although popular with younger officers, he has antagonized the older officers by advancing their juniors to important posts. A key factor in the future relationship between the Army and Salazar is the loyalty of these junior officers, whose influence was strengthened by the reorganization of the Army carried out in the period 1936 to 1944.

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4. With Carmona's death, the weaknesses of the Portuguese political situation are likely to become more evident and the tensions arising out of them more important. The problem of selecting a man to succeed Carmona as president will pose the first test of Salazar's ability to retain Army support. Since, however, there does not seem to be a public figure in Portugal capable of filling Carmona's unique role, Salazar will have more difficulty in the future keeping the Army in line. Although no threat to Salazar's control is expected in the immediate future because "of the immense force of inertia acquired by the regime in twenty years of tranquility," its long-term prospects are uncertain. Because the regime is the imposed creation of one man, it lacks the vitality to persist if its creator, Salazar, disappears from the scene.

5. The collapse of the present government could mean a return to political chaos, making it impossible for Portugal to carry out its obligations under the North Atlantic Treaty or to abide by any special military arrangements with the US. In a reaction against the Salazar regime, the strong nationalist complex of the Portuguese mentality might assume an anti-foreign character inimicable to US security interests.

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